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**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION

- and -

PACIFIC GAS AND ELECTRIC  
COMPANY,

Debtors.

- ☒ Affects Both Debtors  
☐ Affects PG&E Corporation  
☐ Affects Pacific Gas and Electric Company

Case No. 19-30088 (DM) (Lead Case)

Chapter 11

(Jointly Administered)

**SECURITIES LEAD PLAINTIFF'S  
SUBMISSION OF ARGUMENT  
DEMONSTRATIVE FOR USE DURING  
ORAL ARGUMENT AT CONFIRMATION  
HEARING**

1 Public Employees Retirement Association of New Mexico (“**Securities Lead Plaintiff**”),  
2 the court-appointed lead plaintiff in the securities class action captioned as *In re PG&E*  
3 *Corporation Securities Litigation*, Case No. 18-03509 (the “**Securities Litigation**”) pending in  
4 the United States District Court for the Northern District of California, on behalf of itself and the  
5 class that it seeks to represent in the Securities Litigation, together with York County on behalf  
6 of the County of York Retirement Fund, City of Warren Police and Retirement System, and Mid-  
Jersey Trucking Industry & Local No. 701 Pension Fund, hereby submit this demonstrative  
document to be utilized during the hearing held on June 5, 2020, attached hereto as Exhibit B.

7 Dated: June 5, 2020

Respectfully submitted,

8 **LOWENSTEIN SANDLER LLP**  
9 **MICHELSON LAW GROUP**

By: /s/ Randy Michelson

10 Randy Michelson (SBN 114095)

*Bankruptcy Counsel to Lead Plaintiff and the Class*

11 - and -

12 **LABATON SUCHAROW LLP**

*Lead Counsel to Lead Plaintiff and the Class*

13 - and -

14 **WAGSTAFFE, VON LOEWENFELDT, BUSCH**  
15 **& RADWICK, LLP**

*Liaison Counsel for the Class*

16 - and -

17 **ROBBINS GELLER RUDMAN & DOWD LLP**

*Counsel for the Securities Act Plaintiffs*

18 - and -

19 **VANOVERBEKE, MICHAUD & TIMMONY,**  
20 **P.C.**

*Additional Counsel for the Securities Act Plaintiffs*

**EXHIBIT A**  
**COUNSEL**

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# EXHIBIT B

# Securities Plaintiffs' Demonstratives For Objection to Confirmation

# Four Primary Issues

- Plan Injunction
- Classification and Treatment of Rescission or Damage Claims Against the Utility
- Distribution Formula
- Cramdown

# Plan Injunction

- Issue: Injunction appears to create a “back-door” nonconsensual third-party release of certain creditors’ claims against non-debtor parties

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- Issue: Injunction appears to create a “back-door” nonconsensual third-party release of certain creditors’ claims against non-debtor parties
- Fix: Expressly carve the securities litigation claims out of the injunction in Article 10.6 through the Confirmation Order



# Plan Injunction

- Issue: Injunction appears to create a “back-door” nonconsensual third-party release of certain creditors’ claims against non-debtor parties
- Fix: Expressly carve the securities litigation claims out of the injunction in Article 10.6 through the Confirmation Order

For the avoidance of doubt, nothing in the Plan, any Plan Document, or this Confirmation Order shall enjoin or otherwise impact the continued prosecution of *In re PG&E Corp. Securities Litigation*, No. 18-3509 (N.D. Cal.), against any non-Debtor defendant now or hereafter named therein.

# Claims Against the Utility

- Issue: The plan does not classify or treat the separate claims against the Utility arising from purchases of Holdco common stock

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**1.108 HoldCo Rescission or Damage Claim** means any Claim against HoldCo subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to the common stock of HoldCo.

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- Issue: The plan does not classify or treat the separate claims against the Utility arising from purchases of Holdco common stock
- Fix: Add the Utility to the definition of “HoldCo Rescission or Damage Claims”

**1.108 HoldCo Rescission or Damage Claim** means any Claim against HoldCo **or the Utility** subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to the common stock of HoldCo.

# Distribution Formula

As of January 29, 2019  
(Petition Date)

(Allowed Claim Amount – Insurance Recoveries)

\$35,905,153,932

PG&E Corp. Market Share

As of October 12, 2017

x 526,118,408 shares

Fully Diluted Shares  
As of January 29, 2019  
(Petition Date)

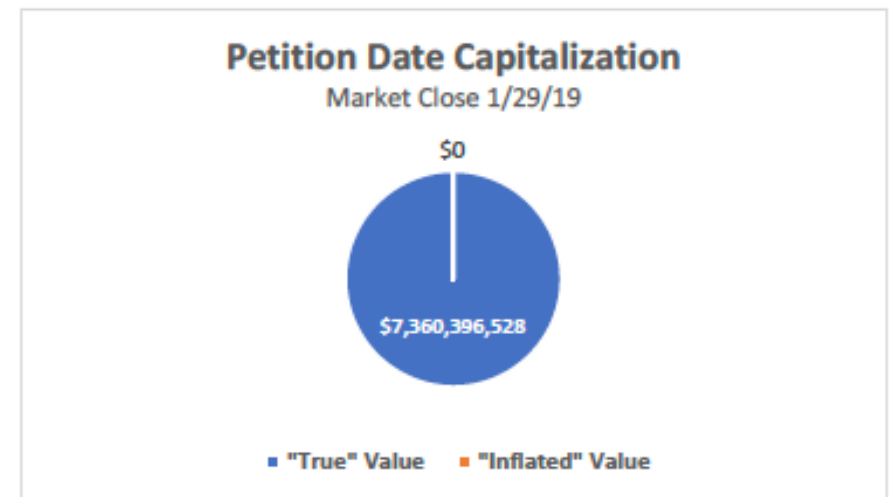
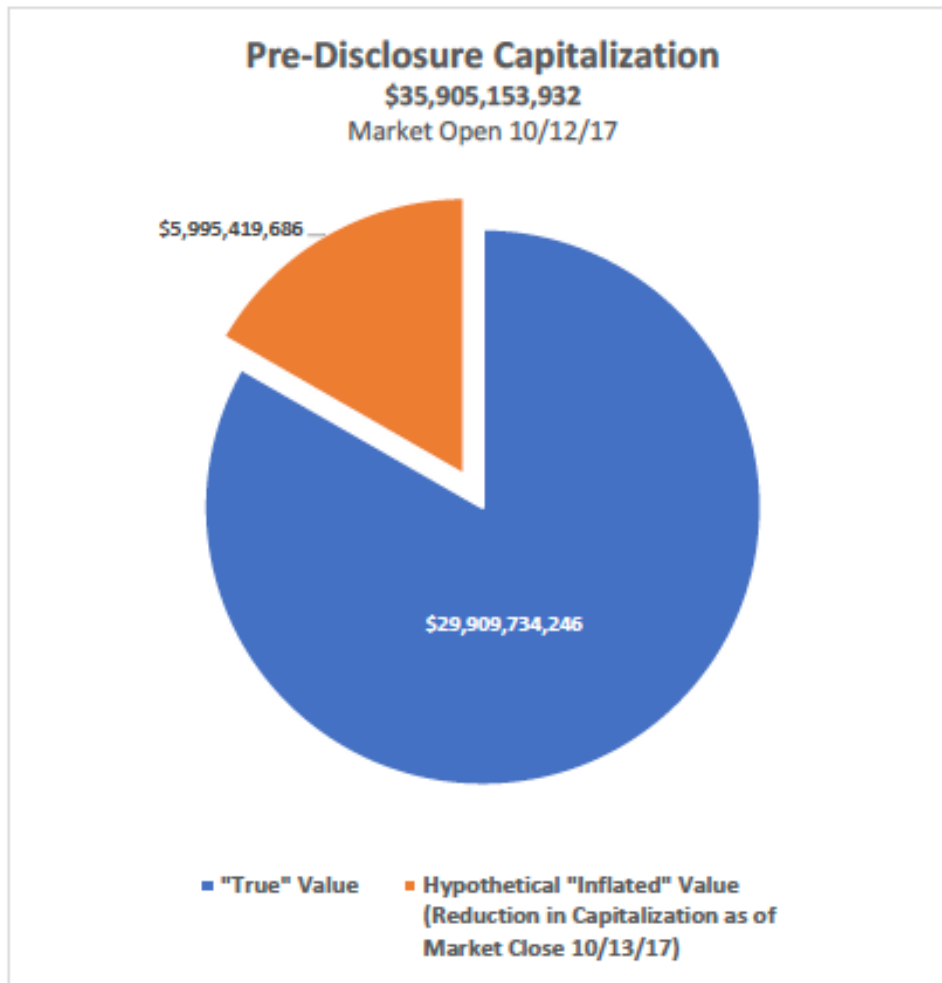
Art. 1.109 - HoldCo Rescission or Damage Claim Share

# Distribution Formula

- Issue #1: Use of the PG&E Corporation market capitalization **as of October 12, 2017** is arbitrary and has no basis other than to artificially dilute recoveries by holders of Allowed Class 10A-II HoldCo Rescission or Damage Claims

# Proponents' Demonstrative #1

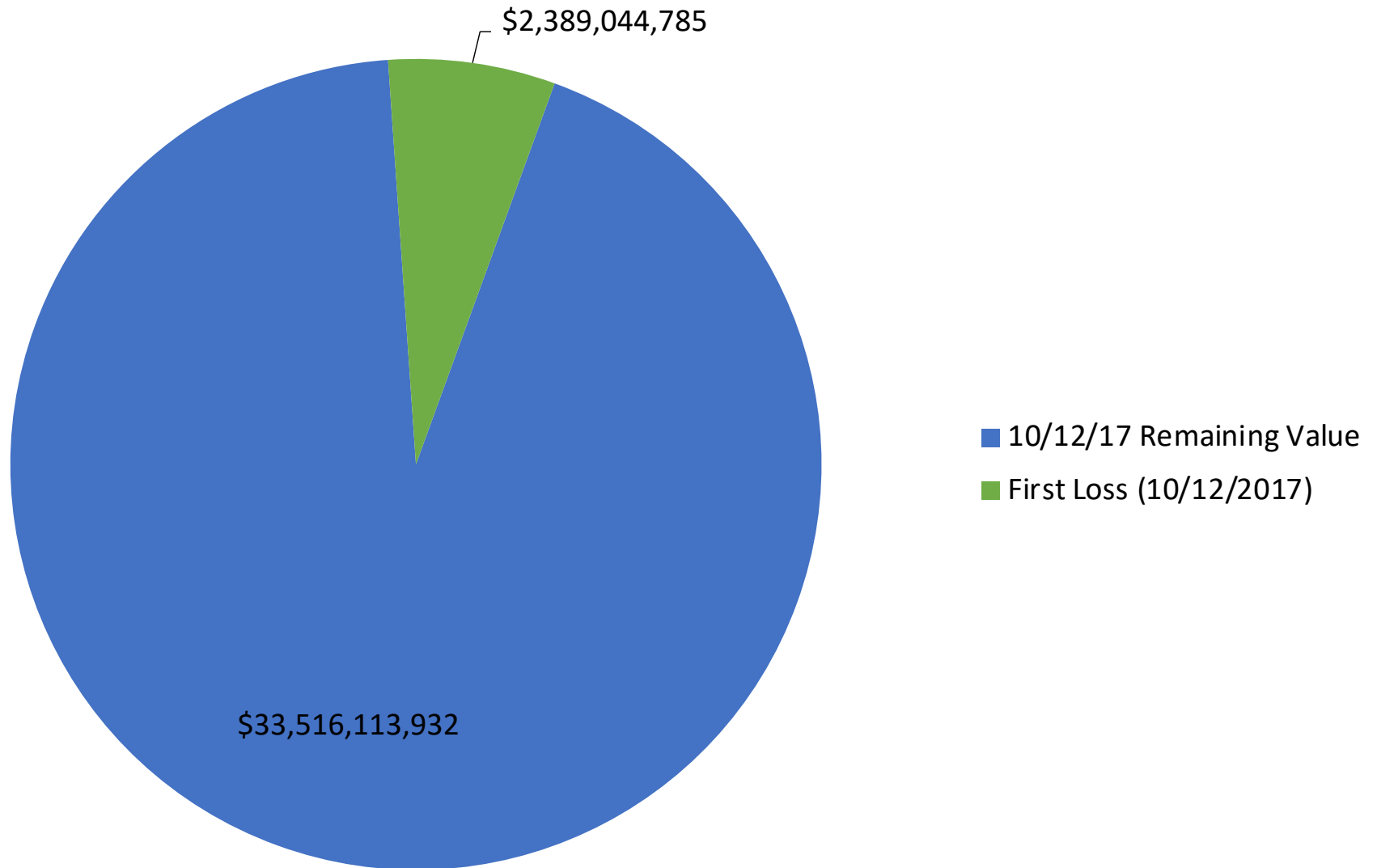
## PG&E Market Capitalization





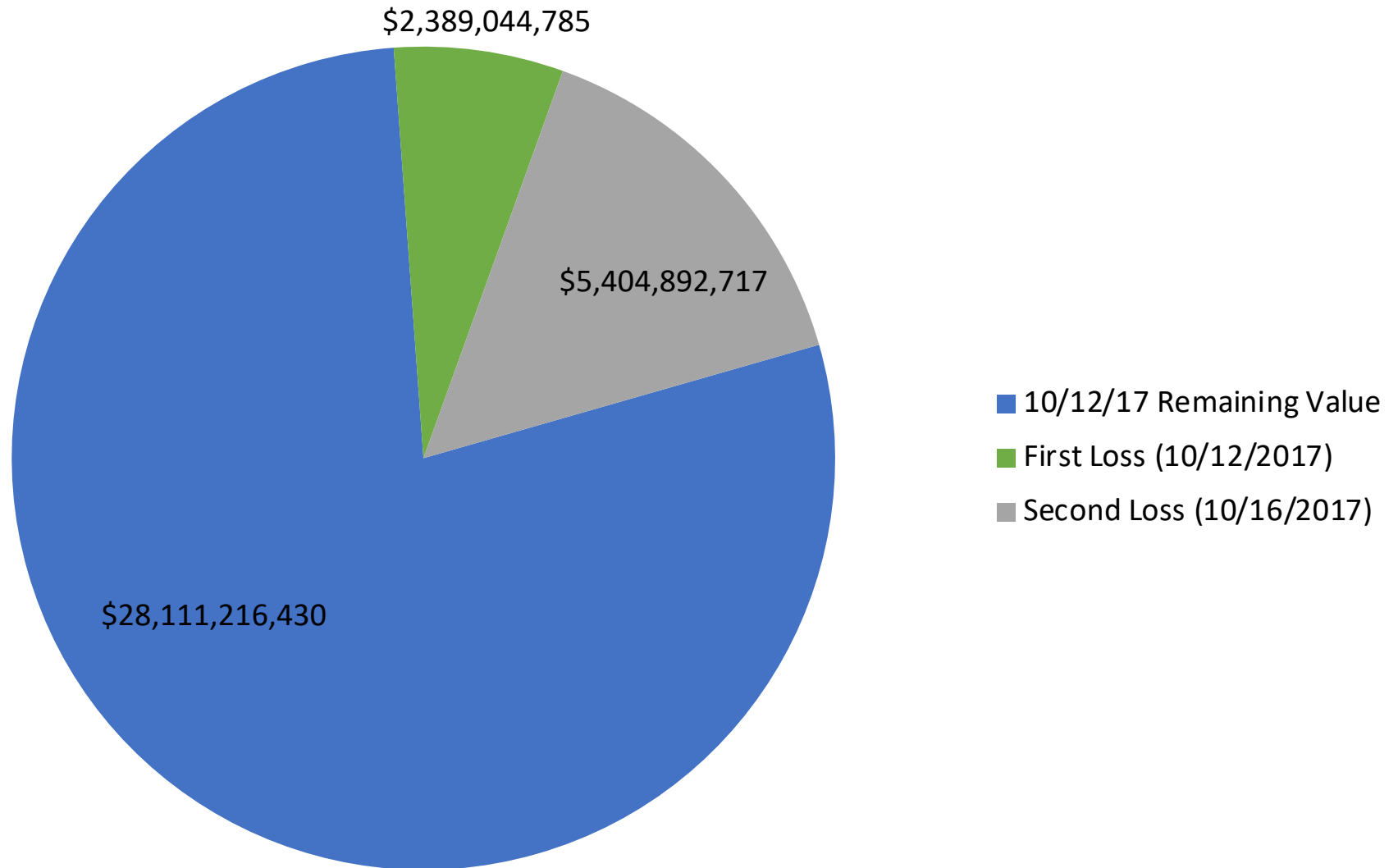
# PG&E's Market Capitalization As Actually Alleged – Loss 1

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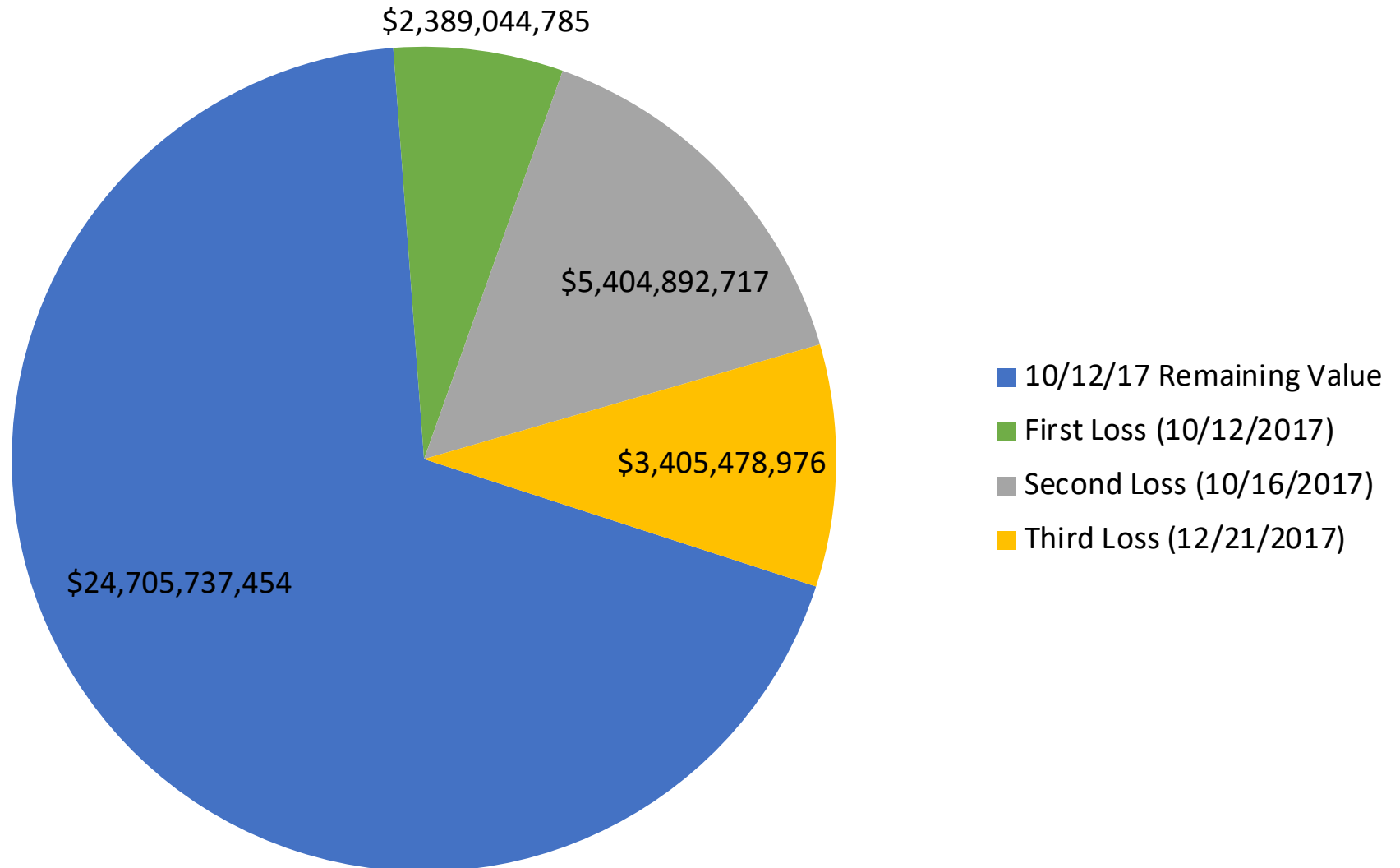
# PG&E's Market Capitalization As Actually Alleged – Loss 2

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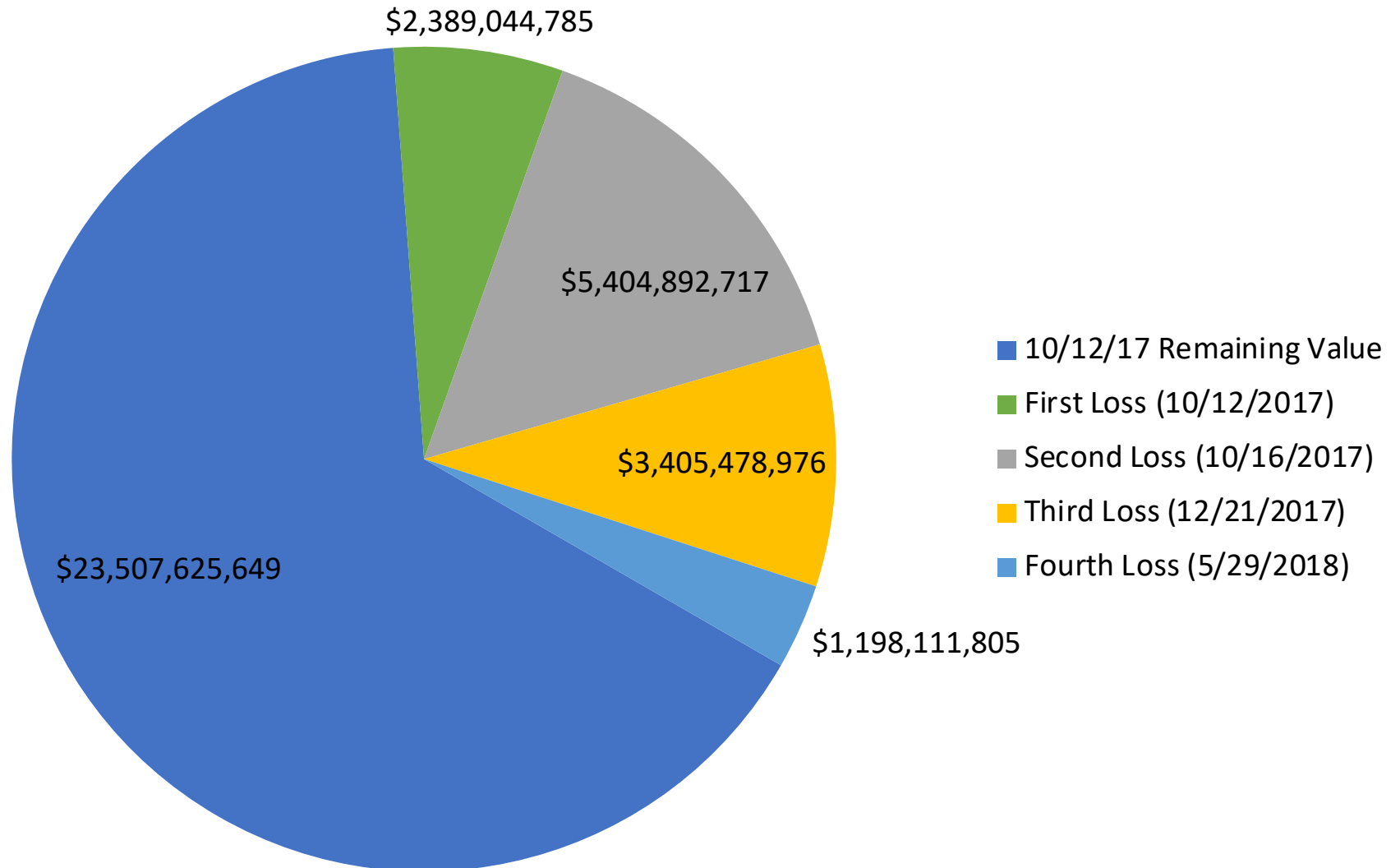
# PG&E's Market Capitalization As Actually Alleged – Loss 3

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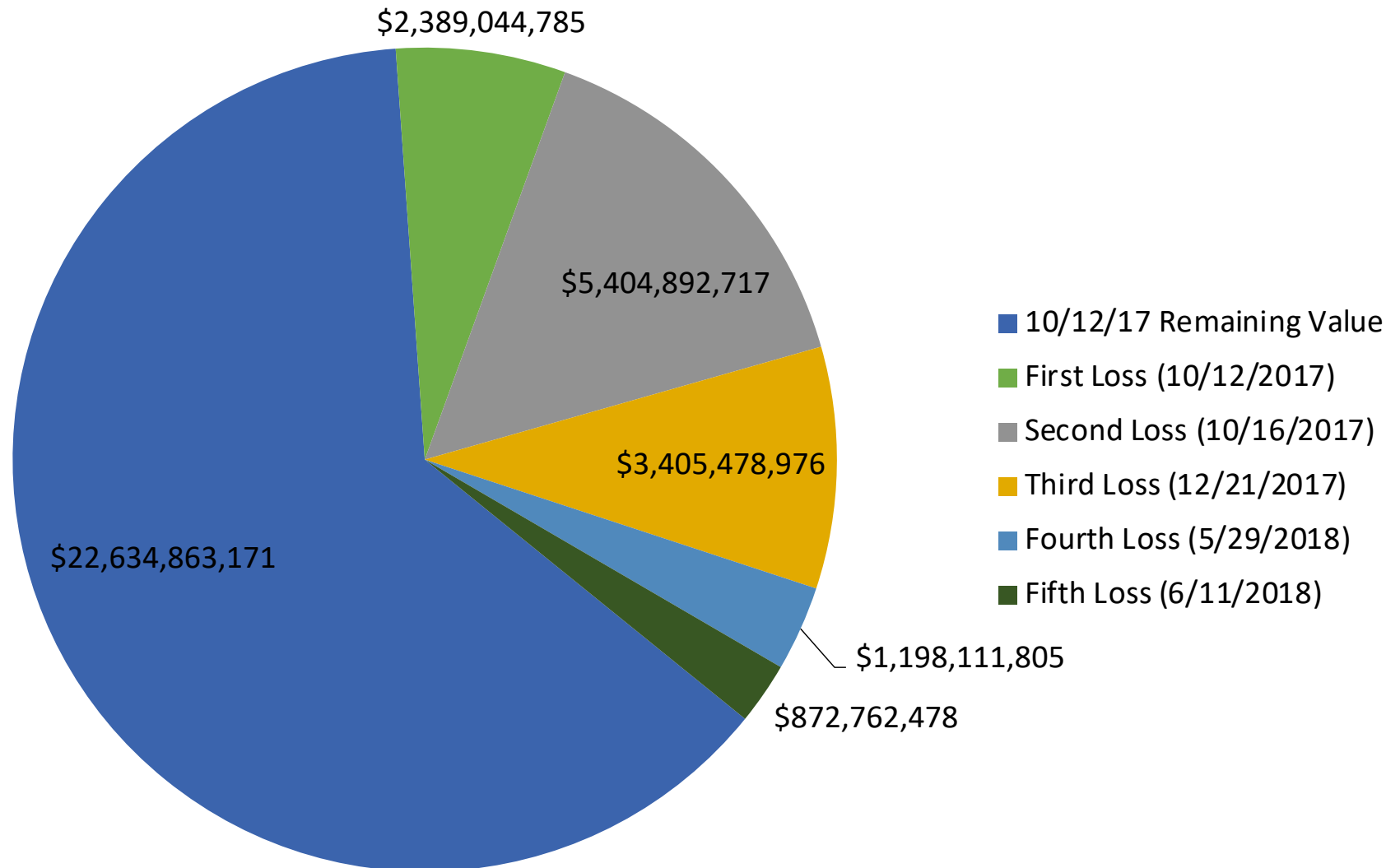
# PG&E's Market Capitalization As Actually Alleged – Loss 4

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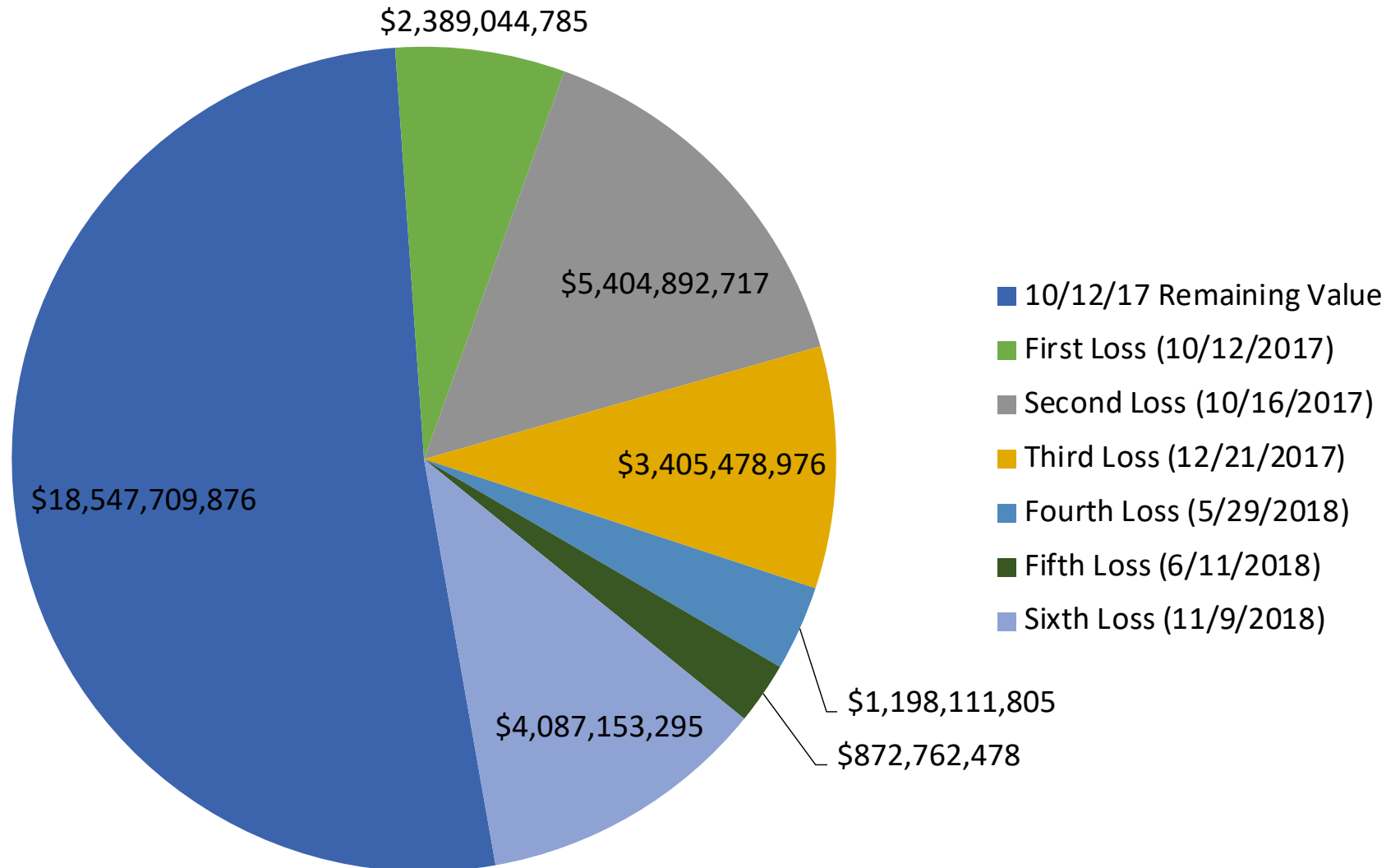
# PG&E's Market Capitalization As Actually Alleged – Loss 5

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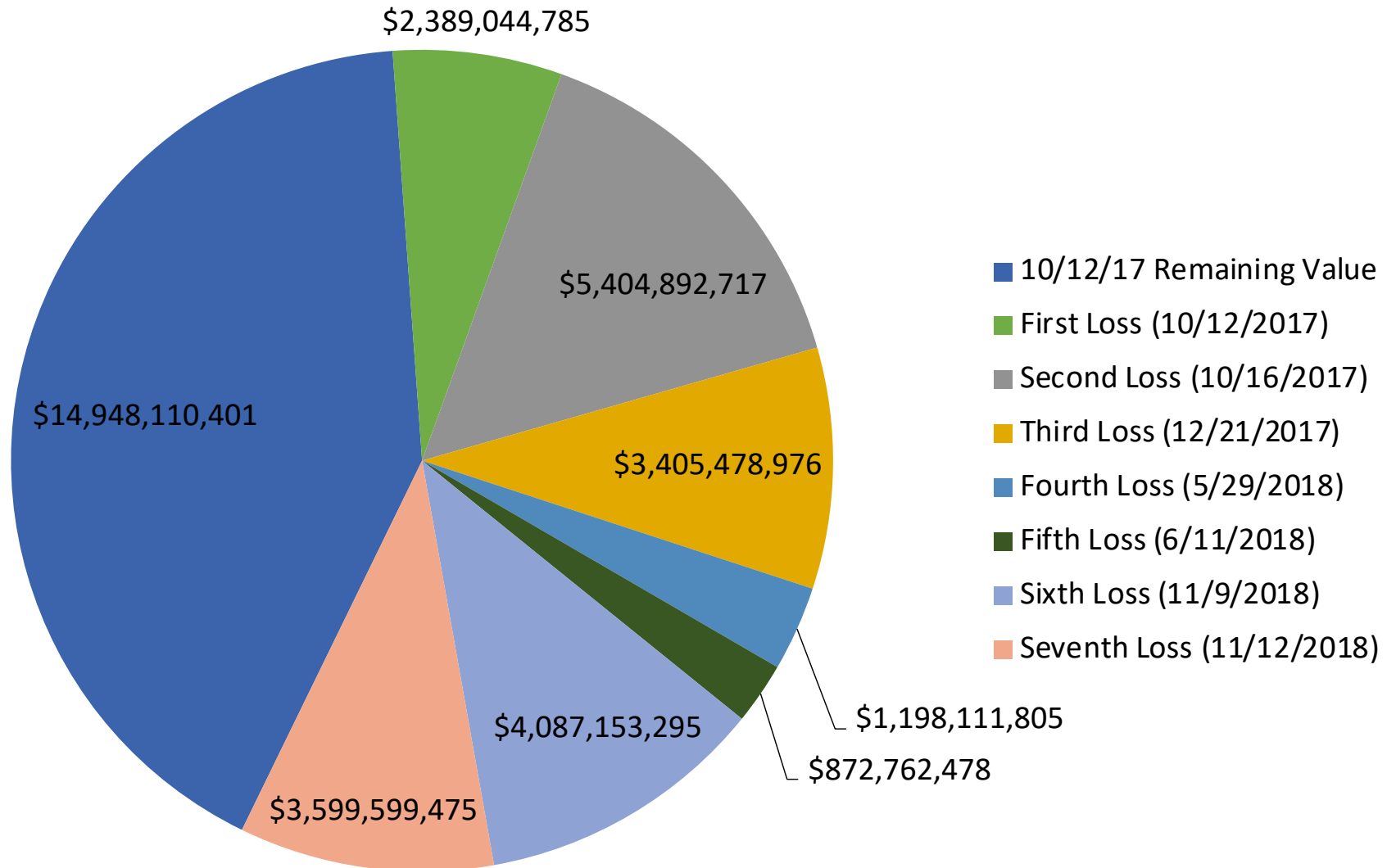
# PG&E's Market Capitalization As Actually Alleged – Loss 6

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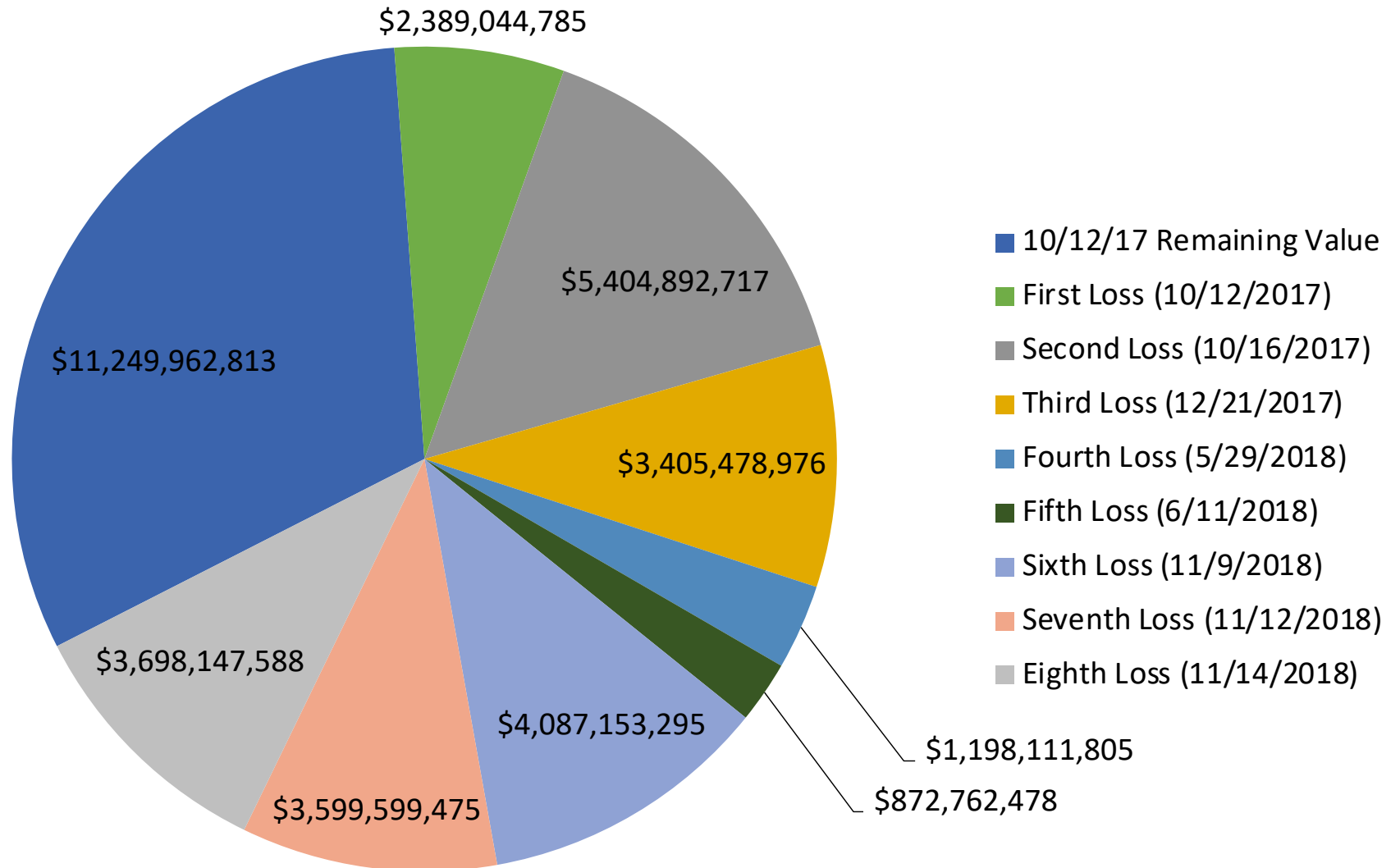


# PG&E's Market Capitalization As Actually Alleged – Loss 7

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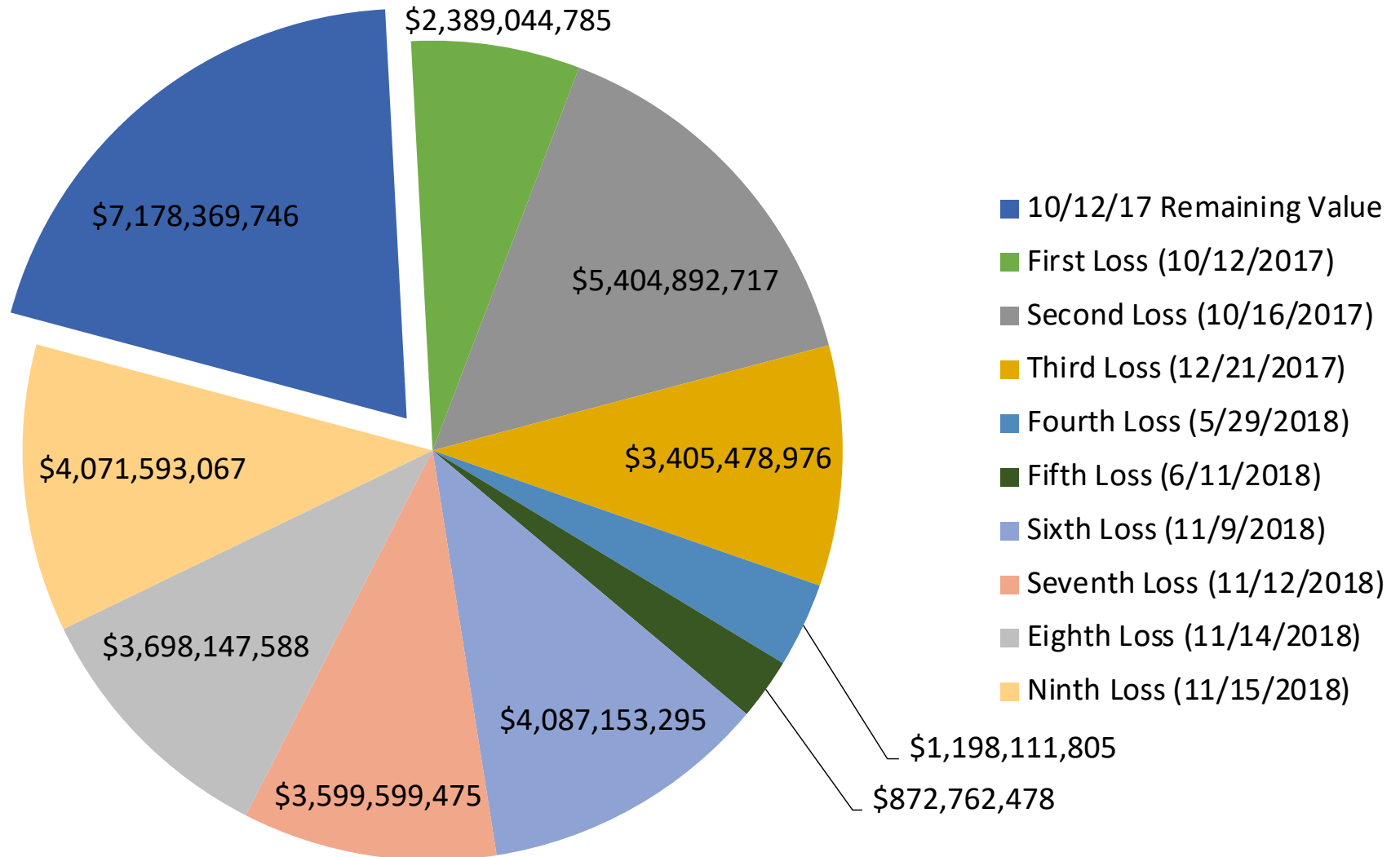


# PG&E's Market Capitalization As Actually Alleged – Loss 8

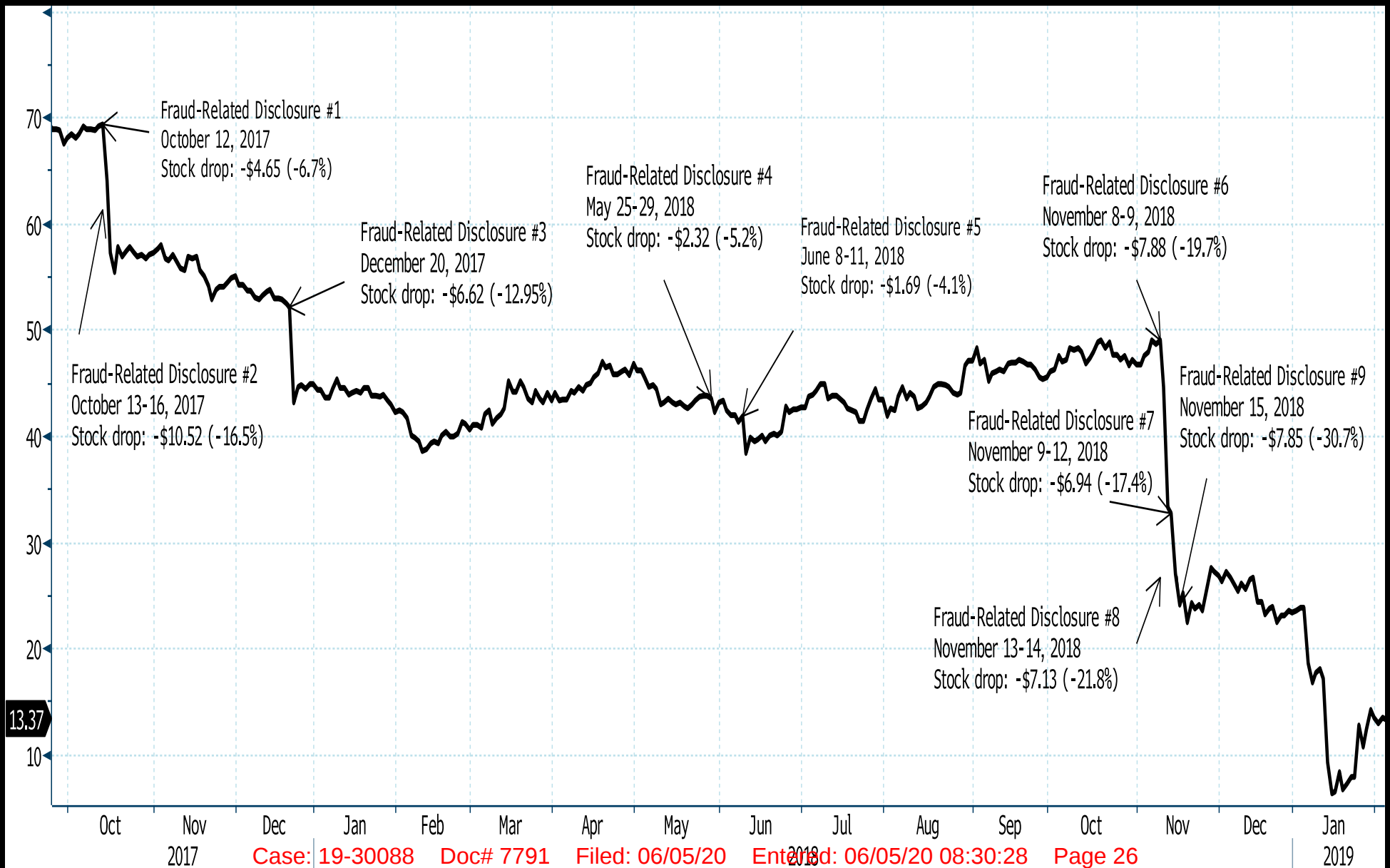




# PG&E's Opening Market Capitalization as of 10/12/17 - Less All Fraud-Related Losses



# Nine Fraud-Related Disclosures



# Class Period Stock Price



# Distribution Formula

- Issue #1: Use of the PG&E Corporation market capitalization **as of October 12, 2017** is arbitrary and has no basis other than to artificially dilute recoveries by holders of Allowed Class 10A-II HoldCo Rescission or Damage Claims
- Fix (Option 1): Petition Date market capitalization
- Fix (Option 2): Market capitalization as of the end of the class period
- Fix (Option 3): Share price (based on multiple of NENI or otherwise) to be determined in mediation with Judge Newsome

# Distribution Formula

- Issue #2: Insurance Offset is improper to the extent it deducts insurance proceeds paid on account of claims against parties other than the debtors

# Distribution Formula

- Issue #2: Insurance Offset is improper to the extent it deducts insurance proceeds paid on account of claims against parties other than the debtors
- Fix: Limit the insurance offset to proceeds paid on account of Allowed HoldCo Rescission or Damage Claims (claims against the debtors), not claims against non-debtor third parties

# Cramdown

- Issue: Class 10A-II **rejected** the plan, but the plan unfairly discriminates against Class 10A-II.

# Cramdown

- Issue: Class 10A-II **rejected** the plan, but the plan unfairly discriminates against Class 10A-II.
- Fixes:
  - Correct the distribution formula to create true pari passu treatment between Class 10A-I
  - Correct the insurance offset in the distribution formula
  - Provide value to Class 10A-II equivalent to the value of the subscription rights being provided to Class 10A-I